

TRANSPORTATION ACCOUNTABILITY

C O M M I S S I O N

Performance Standards Subcommittee Meeting March 5, 2007

Meeting Summary

Members present:

Mark Goodwin, UPS Freight

High Montgomery, Institute for Defense and Homeland Security

Geraldine Holmes

James Wheat, Colonnade Capital, LLC

Kimberly Carr Enochs, Rutherford Insurance Company

Others present:

Ralph Davis, Office of the Secretary of Transportation

Kimberly Spence, Commonwealth's Multimodal Transportation Planning Office

Katherine Graham, Commonwealth's Multimodal Transportation Planning Office

Keith Wandtke, VDOT Policy Division

Mike Garrett, VDOT Policy Division

Rusty Harrington, Department of Aviation

Keith Martin, VDOT Policy Division

Bill Labaugh, Department of Rail and Public Transportation

Tim Bass, Office of the Governor

Christy King, Department of Planning and Budget

Miles Lorin

Michele Satterland, Macaulay and Butch

Anne Marie Morgan, VA Public Radio

Scott Cummings, Department of Planning and Budget

Summary:

Mr. Mark Goodwin welcomed everyone to the Performance Standards subcommittee's first meeting. The group introduced themselves and provided information on their backgrounds.

Mr. Goodwin gave an overview of the subcommittee's responsibilities, including reviewing existing agency performance review processes, recommending additional performance standards for transportation executives and agencies, and recommending additional reform measures. He briefly reviewed the subcommittee's work plan.

Mr. Goodwin reviewed the agenda. He asked if anyone wanted to make public comments; no one came forward.

Mr. Keith Martin, from VDOT's Policy Division, updated the subcommittee members on recent legislation. He focused on legislation that addressed transportation performance measures and standards.

Mr. James Wheat asked if HB 2314 allows Virginia to impose tolls on current highways or just on new construction. Mr. Goodwin and Mr. Martin concurred that the FHWA has to approve tolls on any interstate and certain requirements must be met.

Mr. Goodwin asked which was the key bill that provides transportation funding. Mr. Martin noted that the key bill is House Bill 3202, which is still undergoing revision. It would require the VDOT commissioner to identify possibilities for outsourcing; require the CTB to include quantifiable and achievable goals related to congestion and safety, transit and HOV use, job housing ratios, access to transit and pedestrian facilities, air quality, and congestion; report on plans to enhance mobility at toll facilities; and allows the CTB to issue bonds. Mr. Goodwin requested an update on this bill once everything is finalized. Deputy Secretary Ralph Davis stated that the full commission will get another briefing at the March 30th meeting.

Mr. Hugh Montgomery asked why the General Assembly continues to extend the legislation allowing hybrid vehicles to use the HOV lanes one year at a time. Mr. Martin noted that the SAFETEA-LU will provide guidance on the eligibility requirements.

Mr. Wheat asked whether a study has been done on the cost of congestion to individual commuters. Mr. Davis referred to the Urban Mobility Report <http://mobility.tamu.edu> conducted by the Texas Transportation Institute (TTI) which has calculated the cost of congestion using the amount of wasted gas and number of wasted hours (using an estimated per hour pay rate). **Mr. Wheat suggested that the cost of congestion could be used as a measure to justify a gas tax increase.** Mr. Davis indicated that he would follow-up to determine whether the TTI data were available on a per capita basis and the appropriateness of the data as a measure of the level of investment needed to reduce congestion. Ms. Geraldine Holmes noted that she would also like similar data on health issues related to congestion, such as access to hospitals, congestion-related stress, air quality related illnesses, etc.

Mr. Davis gave a presentation on the current executive performance review process. He specifically addressed the Executive Performance Review Form, agency outcome performance measures, agency Management Scorecard, and opportunities for enhancement.

Mr. Wheat asked if there are any provisions for increased pay for agency executives as result of favorable performance evaluations. Mr. Davis stated that the Appropriation Act allows for up to a 10% increase in base pay or a one-time bonus of 5% based on performance. However, Mr. Davis indicated that his understanding was that these provisions have not been exercised in the past. Mr. Wheat asked what the incentive is for agency heads to perform well. Mr. Davis cited reasons such as an internal desire to do well and the desire to be reappointed. He also noted that there are not big bonuses in the public sector like in the private sector. **Mr. Goodwin suggested that this may be a topic the subcommittee will want to discuss in more detail.**

Mr. Goodwin asked if the key objectives and outcome performance measures for each agency have targets and dates associated with them. Mr. Davis stated that there are targets but as a rule are longer term targets – not annual targets. **Mr. Goodwin commented that there is a need for interim target dates and that this could be a recommendation of this subcommittee.**

Mr. Montgomery commented that the measures identified for the Virginia Port Authority (e.g., increasing port business) could actually make the ports less secure. He also noted that this could be the case in other situations where meeting the targets for one measure could jeopardize reaching the target for another measure.

Mr. Wheat asked if there is data on accident cause, such as weather, road conditions, driver error, etc. that would be more meaningful than fatality rates or numbers. Mr. Davis explained that some of this information is collected and reported in the DMV's Crash Facts. Also, these data are being collected for the Strategic Highway Safety Plan, Highway Safety Corridors, and other programs aimed at improving highway safety.

Mr. Montgomery noted to the group that a major concern is the lack of longevity in lessons learned due to the change of administration every few years. **A recommendation from this subcommittee could be to look at how to give lessons learned some staying power from one administration to another.**

Mr. Wheat stated there seems to be some key goals identified already - safety, economic development, quality of life, environmental quality – and that it would be helpful for this subcommittee to adopt some overarching goals. Mr. Davis replied that the Outcome Measures subcommittee is doing just that, and that they have identified the ones mentioned as well as others. These will be reviewed at

the full commission meeting on March 30th. The performance standards identified for the individual agency heads should be tied to the overarching goals.

Mr. Wheat agreed with Mr. Davis on the need for a leadership component in the evaluation process, as suggested in his presentation.

Mr. Goodwin stressed to the committee the need to look at qualitative and quantitative measures. Most of the measures discussed to date were quantitative, the leadership component is qualitative. Both are important.

Ms. Christy King, Senior Analyst for the Department of Planning and Budget, presented background information on Virginia's comprehensive performance management system. This system provides six key components for evaluating performance and identifies key outcome measures. An important requirement of the measures is that they are measurable and clearly have budget implications. Governor Kaine reviewed and approved all agencies key performance measures.

Mr. Montgomery asked who is on the senior level internal performance management team in the Governor's Office. Mr. Davis listed a number of members, namely Wayne Turnage, Tim Bass and himself. The team reports to Chief of Staff Bill Leighty.

Mr. Bass told the group that Governor Kaine is hosting an external review of Virginia's performance measurement process. Eight companies including Capital One, Carmax, IBM, Plow and Hearth, Genworth, and others will join the Governor in examining how performance drives the agencies toward higher customer service.

Mr. Goodwin asked for clarification on how to tie performance back to the budget process and whether poor performance results in budget cuts. Ms. King explained that the goal is not to cut budgets, but to show how programs directly impact the mission of the agency. Agencies show how their programs relate back to their key objectives to justify additional funding.

Ms. Kimberly Carr Enochs asked if the Governor actually met with agency heads regarding the measures and if he will also meet regarding the outcomes. Ms. King said that he did meet with them to establish measures and plans to do the same to look at the outcomes of those measures.

Ms. Holmes expressed concern that not all of the measures are quantifiable. For example, "reasonable DMV wait time" does not appear to be quantifiable, as reasonable means different things to different people. Mr. Davis replied that wait times of other similar service providers and other state DMVs can be used to determine what is "reasonable". Ms. Holmes noted that it will be very difficult for DMVs that serve large populations to reach the target. Mr. Davis noted that DMV is not in the business of adding new facilities; rather they are looking more at

adding new services that increase efficiency. Mr. Wheat stated that security requirements have also impacted DMV's customer service and the wait times.

Mr. Tim Bass, Senior Advisor in the Office of the Governor, presented the group information on the Management Scorecard. The Scorecard provides information on how the agency head is evaluated by the Governor, the Cabinet and the public. Performance is measured in six categories, each assign points and criteria of "Meets Expectations, Progress Towards Expectations or Below Expectations". Mr. Bass noted that an agency head's performance is based in part on how he or she performs and in part on how the agency performs.

Mr. Wheat asked if it is easy to "meet expectations" and whether there is a possibility of "exceeding expectations". Mr. Bass answered that it is actually a stretch to get "exceeding expectations" and that "meets expectations" is getting harder to achieve.

Mr. Wheat asked what happens if the measure is out of the agency head's control, such as high employee turnover due to insufficient pay. Mr. Bass answered that in some cases, agency heads are constrained by factors outside their control and that some reforms may be in order. Mr. Bass pointed out the need to trigger discussions that highlight these issues. It is as important to find out why targets are not hit as how they are hit. The only way to improve performance is to understand the factors that influence it.

Discussion

Mr. Goodwin stressed the need to develop quantifiable outcome measures. He agreed with the need to add a leadership element. He added that customer satisfaction could be added as a qualitative measure. He went on to state that a rating of "meets expectations" should be a stretch objective. He questioned how to provide incentives for people given the limited opportunities in the public sector. He noted that currently the incentive appears to be pride and that no one wants to have red come up under their name.

Mr. Montgomery stated that because the scorecards are available to the public, there is a strong incentive to show all green (good) results. If that consistently happens, the standard is not high enough.

Ms. Holmes told the group there is a need to set the baseline at an accurate level. Currently, the tendency is to baseline at a high level for appearances.

Mr. Davis stated that he would like for the subcommittee to make some recommendations to the full commission. If the group starts formulating and discussing recommendations, there may be an opportunity to have an impact on the agency head review form this year. Mr. Davis concurred with Mr. Goodwin's suggestion to look at customer service. This will be more difficult to do across

agencies, however, because their missions are different. For example, DMV has a much more customer service oriented mission than the VPA. **The group agreed that a leadership component be added to the Performance Review Form.**

Mr. Goodwin noted that any standards that are identified need to be within “line of sight” or the purview of the agency head. An agency head should not be expected to change something that is not within his or her purview. He added that rewards should be given when targets are met. Targets should not be set years into the future; incremental milestones must be identified or long-term targets will not be met. The group agreed.

Mr. Goodwin reviewed a number of measures that relate to his company, most notably the need for a Succession Plan. Mr. Montgomery agreed that a Succession Plan is imperative to give longevity to the process because of the frequent change in administration.

Mr. Davis reminded the subcommittee that measures that come out of this first round of recommendations should relate to the process. At the next meeting, the subcommittee will be presented the results of a survey of the agency heads regarding the key objectives for their agency and potential improvements.

Mr. Montgomery stated that recommendations from a neutral, non-political commission, such as this subcommittee, may help agency heads and the Governor identify standards and processes that are measurable and reasonable.

Next steps

The group agreed on next steps as described by Mr. Davis. Staff will summarize the core recommendations from this meeting and distribute them to the subcommittee. Mr. Goodwin will brief the full commission at the March 30th meeting. Subcommittee members can provide additional recommendations or comments directly to Katherine Graham at 804-786-4198 or katherine.graham@vdot.virginia.gov.

Recommendations for consideration

- 1. Use or develop data on cost of congestion per individual, educate the public on this cost and utilize the results to quantify the additional transportation investment that is needed.**
- 2. Provide for additional compensation and or other incentives when performance targets are met.**
- 3. Set interim performance target dates.**

4. **Develop a succession plan to ensure longevity in performance measurement processes and lessons learned. Give lessons learned some staying power from one administration to another.**
5. **Include a leadership component on the Performance Review Form.**

Next Meeting Dates

Friday, April 27th 9:00 – 12:00, General Assembly Building

Friday, June 8th 9:00 – 12:00, Location TBD

NOTE: These dates have changed.